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C O N F I D E N T I A L SECTION 01 OF 02 RIGA 000180

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TAGS: PRGOV PINR LG
SUBJECT: PRESIDENT DOES NOT DISMISS PARLIAMENT; SEARCHING FOR INFLUENCE

REF: A) RIGA 33 B) RIGA 152

Classified By: Charge d'affaires a.i. Bruce D. Rogers. Reason: 1.4(d)

¶1. (C/NF) Summary: President Zatlers announced March 31 that he would not initiate a dismissal of Saeima (parliament) as he threatened to do January 14 if certain tasks were not completed. The President said that enough progress had been made and that the new government was working well enough to cause him not to pursue dissolution. At the same time, he identified new tasks for parliament, but did not couch them as an ultimatum. He said that he retains the right and the willingness to initiate a dissolution if necessary. While Zatlers is right that the political climate in the country has improved since January, some of his actions actually hindered the progress. Having backed down once, he cannot credibly make a dismissal threat again without risking his own job. The entire episode demonstrates that Zatlers remains naive about politics and is unlikely to greatly improve his standing with the public. End summary.

¶2. (U) President Zatlers addressed the nation March 31, itself a rare event in Latvia, to explain that he would not initiate a dissolution of Saeima as he threatened to do January 14 if certain tasks were not accomplished (ref a). The President reviewed the growing public distrust in parliament and government over the past two years and explained that the violence of January 13 led him to take tough action to restore confidence in the political order. He said that most of the tasks he set forth had been completed and that additional progress had been made in several areas related to rule of law. All that remains is to pass constitutional amendments allowing the public to initiate a dissolution of Saeima. He expressed confidence that these would be adopted next week. He also said that new government of PM Dombrovskis was doing well and tackling tough issues in Latvia's economy. He asserted his right and willingness to initiate a dissolution of parliament in future if he deems it necessary. Finally, he said that the parliament should adopt a new budget, support business, ensure a social safety net, and undertake reforms to electoral and campaign laws to improve the political culture. This, however, was not made an ultimatum.

¶3. (C/NF) While Zatlers is correct that the political situation has improved since January, the public's trust has not risen dramatically from the historic lows (below 10 percent) of earlier this year. While the President's ultimatum may have helped rein in the worst excesses of the parties, Zatlers himself was a major stumbling block along the way. He wanted a wider coalition, but seemed to insist on simply adding to the existing one. He wanted ten people like former PM Godmanis in the cabinet when opposition parties were making Godmanis' removal a pre-condition to join the government. He lost confidence in Godmanis on a Friday evening, but found it again on a Monday, spooking markets and investors in between. He insisted on smaller government, but accepted a new government with the same ministries as its predecessors.

¶4. (C/NF) While the President retains the constitutional

right to dismiss the Saeima another ultimatum would not be credible. Parties reacted negatively to this one, even the ones then in opposition, for upsetting the constitutional order. Latvia is a parliamentary republic and the Presidency was created as a weak office. Zatlers' attempt to force his will -- and his uneven performance that followed -- left many shaking their heads. The episode did not appreciably improve the President's public standing (although it also has not weakened it). If he mishandles the parliament in future, his own job could be in danger.

¶5. (C/NF) This entire episode has highlighted Zatlers' limited political acumen and the lack of good political advisors around him. He had the best of intentions. He wanted to do something to acknowledge the frustrations of the people. But ultimatums of the scope he set out on January 14 are tricky in politics, where there are many moving parts and movement in one area changes the plans in another. Yes, he succeeded in getting an anti-corruption chief, but probably not the best candidate for the job. But approving the choice of the previous coalition was likely part of the bargain some of those parties made to join the new coalition. In the end, much of the reforms in government will be driven by terms of the international financial assistance package rather than Zatlers' desires.

¶6. (C/NF) Going forward, there are two ways Zatlers could more effectively influence events. Latvia still lacks a leader willing to level with society about the breadth and depth of the coming budget cuts and explain their necessity. In his speech, the President only said they would be painful and difficult. He could start trying to create a national consensus on the need to accept the pain now for the sake of the future. He also has the right to submit draft

legislation to parliament, something he has only rarely used If he wants to see changes to the laws on campaigns and party financing, for example, he should submit draft bills to parliament to shape the debate. These would be far more effective ways to exercise influence.

ROGERS